



**Senate Bill No. 1230**

**Public Act No. 05-163**

**AN ACT CONCERNING THE TAXATION OF DAILY RENTAL MACHINERY.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 12-692 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) For purposes of this section:

(1) "Passenger motor vehicle" means a passenger vehicle, which is rented without a driver and which is part of a motor vehicle fleet of five or more passenger motor vehicles that are used for rental purposes by a rental company.

(2) "Rental truck" means a (A) vehicle rented without a driver that has a gross vehicle weight rating of twenty-six thousand pounds or less and is used in the transportation of personal property but not for business purposes, or (B) trailer that has a gross vehicle weight rating of not more than six thousand pounds.

(3) "Rental company" means any business entity that is engaged in the business of renting passenger motor vehicles, [or] rental trucks without a driver or machinery in this state to lessees and that uses for rental purposes a motor vehicle fleet of five or more passenger motor

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vehicles, [or] rental trucks or pieces of machinery in this state, but does not mean any person, firm or corporation that is licensed, or required to be licensed, pursuant to section 14-52, (A) as a new car dealer, repairer or limited repairer or (B) as a used car dealer that is not primarily engaged in the business of renting passenger motor vehicles or rental trucks without a driver in this state to lessees.

(4) "Lessee" means any person who leases a passenger motor vehicle, [or] rental truck or machinery from a rental company for such person's own use and not for rental to others.

(5) "Machinery" means heavy equipment without an operator that may be used for construction, mining or forestry, including, but not limited to, bulldozers, earthmoving equipment, well-drilling machinery and equipment or cranes.

(b) There is hereby imposed a three per cent surcharge on each passenger motor vehicle or rental truck rented within the state by a rental company to a lessee for a period of less than thirty-one days. The rental surcharge shall be imposed on the total amount the rental company charges the lessee for the rental of a motor vehicle. Such surcharge shall be in addition to any tax otherwise applicable to any such transaction and shall be includable in the measure of the sales and use taxes imposed under chapter 219.

(c) There is hereby imposed a one and one-half per cent surcharge on machinery rented within the state by a rental company to a lessee for a period of less than thirty-one days. The rental surcharge shall be imposed on the total amount the rental company charges the lessee for the rental of the machinery. Such surcharge shall be in addition to any tax otherwise applicable to any such transaction, and shall be includable in the measure of the sales and use taxes imposed under chapter 219.

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~~[(c)]~~ (d) Reimbursement for the surcharge imposed by ~~[subsection (b)]~~ subsections (b) and (c) of this section shall be collected by the rental company from the lessee and such surcharge reimbursement, termed "surcharge" in this subsection, shall be paid by the lessee to the rental company and each rental company shall collect from the lessee the full amount of the surcharge imposed by said ~~[subsection (b)]~~ subsections (b) and (c). Such surcharge shall be a debt from the lessee to the rental company, when so added to the original lease or rental price, and shall be recoverable at law in the same manner as other debts. The rental contract shall separately indicate the rental surcharge imposed on each passenger motor vehicle, ~~[or] truck rental~~ or piece of machinery. The rental surcharge shall, subject to the provisions of subsection ~~[(d)]~~ (e) of this section, be retained by the rental company.

~~[(d)]~~ (e) (1) On or before February 15, 1997, and the fifteenth of February annually thereafter, each rental company shall file a report with the Commissioner of Revenue Services detailing the aggregate amount of personal property tax that is actually paid by such company to a Connecticut municipality or municipalities during the preceding calendar year on passenger motor vehicles, ~~[or] rental trucks~~ or pieces of machinery that are used for rental purposes by such company, the aggregate amount of registration and titling fees that are actually paid by such company to the Department of Motor Vehicles of this state during the preceding calendar year on passenger motor vehicles, ~~[or] rental trucks~~ or pieces of machinery that are used for rental purposes by such company and the aggregate amount of the rental surcharge that is actually received, pursuant to this section, by such company during the preceding calendar year on passenger motor vehicles, ~~[or] rental trucks~~ or pieces of machinery that are used for rental purposes by such company. The report shall also show such other information as the commissioner deems necessary for the proper administration of this section.

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(2) On or before February 15, 1997, and the fifteenth of February annually thereafter, each rental company shall remit to the Commissioner of Revenue Services for deposit in the General Fund, the amount by which the aggregate amount of the rental surcharge actually received by such company on such vehicles or machinery during the preceding calendar year exceeds the sum of the aggregate amount of property taxes actually paid by such company on such vehicles or machinery to a Connecticut municipality or municipalities during the preceding calendar year and the aggregate amount of registration and titling fees actually paid by such company on such vehicles or machinery to the Department of Motor Vehicles of this state during the preceding calendar year.

(3) For purposes of this subsection, in the case of any rental company that leases a passenger motor vehicle, [or] rental truck or piece of machinery from another person and that uses such vehicle or machinery for rental purposes and such lease requires such rental company to pay the registration and titling fees and the property taxes to such other person, the rental company shall include (A) in the aggregate amount of registration and titling fees actually paid by such rental company to the Department of Motor Vehicles of this state, any such registration and titling fees actually paid by such rental company to such other person on such passenger motor vehicle, [or] rental truck or piece of machinery, and (B) in the aggregate amount of property taxes actually paid by such rental company to a Connecticut municipality or municipalities, any such property taxes actually paid by such rental company to such other person on such passenger motor vehicle or vehicles, [or] rental truck or trucks or one or more pieces of machinery.

[(e)] (f) Any person who fails to pay any amount required to be paid to the Commissioner of Revenue Services under this section within the time required shall pay a penalty of fifteen per cent of such amount or

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fifty dollars, whichever amount is greater, in addition to such amount, plus interest at the rate of one per cent per month or fraction thereof from the due date of such amount until the date of payment. Subject to the provisions of section 12-3a, the commissioner may waive all or any part of the penalties provided under this section when it is proven to the satisfaction of the commissioner that the failure to pay any amount required to be paid to the commissioner was due to reasonable cause and was not intentional or due to neglect.

[(f)] (g) The Commissioner of Revenue Services for good cause may extend the time for making any report and paying any amount required to be paid to the commissioner under this section if a written request therefor is filed with the commissioner together with a tentative report which shall be accompanied by a payment of any amount tentatively believed to be due to the commissioner, on or before the last day for filing the report. Any person to whom an extension is granted shall pay, in addition to the amount required to be paid, interest at the rate of one per cent per month or fraction thereof from the date on which such amount would have been due without the extension until the date of payment.

[(g)] (h) The provisions of sections 12-548 to 12-554, inclusive, and section 12-555a shall apply to the provisions of this section in the same manner and with the same force and effect as if the language of said sections 12-548 to 12-554, inclusive, and section 12-555a had been incorporated in full into this section, except to the extent that any provision is inconsistent with a provision in this section, and except that the term "tax" shall be read as "surcharge".

Approved July 1, 2005